97-84038-26

Swann, Edward

War charities frauds in the city of New York

[New York?]

[1919?]

97-84038-26
MASTER NEGATIVE #

COLUMBIA UNIVERSITY LIBRARIES
PRESERVATION DIVISION

BIBLIOGRAPHIC MICROFORM TARGET

ORIGINAL MATERIAL AS FILMED - EXISTING BIBLIOGRAPHIC RECORD

308
Z
Box 65
Swann, Edward, 1862-1945.
War charities frauds in the city of New York, by Edward Swann... [New York? 1919?]
54 p. 23cm.

396507

ONLY ED.

RESTRICTIONS ON USE: *Reproductions may not be made without permission from Columbia University Libraries.*

TECHNICAL MICROFORM DATA

FILM SIZE: 35mm REDUCTION RATIO: 12:1 IMAGE PLACEMENT: IA (IIA) IB IIB

DATE FILMED: 3-5-97 INITIALS: MS

TRACKING # : 21546

FILMED BY PRESERVATION RESOURCES, BETHLEHEM, PA.

WAR CHARITIES FRAUDS

IN THE CITY OF NEW YORK

EDWARD SWANN
District Attorney
NEW YORK COUNTY

WAR CHARITIES FRAUDS

IN THE CITY OF NEW YORK

EDWARD SWANN
District Attorney
NEW YORK COUNTY

18 Feb. 1920 - C.R.W.

CONTENTS

PAGE

I.—Proposed Bill for the Regulation and Supervision of Appeals to the Public for funds for Charitable and Patriotic purposes 5

II.—Excerpts from the Report on the investigation of War Charities Frauds conducted by Edward Swann, District Attorney of New York County 15

III.—Presentment on War Relief Frauds filed with the Clerk of the Court of General Sessions of the Peace, in and for the County of New York, by the Grand Jury of the County of New York, July 27, 1918 36

IV.—Resolutions adopted by the Chamber of Commerce of the State of New York, February 6, 1919 38

V.—Purpose of the act 39

VI.—Editorial Comments from leading New York papers on the necessity of the proposed legislation 41

The Kaplan-Donohue Bill

AN ACT

To amend the state charities law by adding a new article to require the registration and the filing of accounts by individuals, associations or corporations seeking to obtain money or property from the public, or to sell an object for certain charitable or patriotic purposes, to require their solicitors to have identification cards and providing a penalty for breaches of the act.

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Amend chapter fifty-seven of the laws of nineteen hundred and nine, entitled "An act relating to state charities, constituting chapter fifty-five of the consolidated laws," by adding a new article to be known as article two-a, and to read as follows:

ARTICLE II-A.

Registration For Certain Charitable and Patriotic Objects.

Section 21. Certificate of Registration required for certain purposes.
22. Signature of appeals.
23. Registration of corporation.
24. Registration of association or individual.
25. Certificate of registration.
26. Semi-annual statement to be filed.
27. Statement of entertainment to be filed.
28. Cancellation of certificate of registration.
29. Statements are public records.
29-a. Solicitors must have authorization.
29-b. Filing of statement.
29-c. Fee.
29-d. Penalty.
29-e. Certain corporations and associations excluded.

§ 21. Certificate of registration required for certain purposes, It shall be unlawful for any person:

(1) To appeal to the public for donations or subscriptions in money or in other property; or

(2) To sell or offer for sale to the public any thing or object whatever to raise money; or

(3) To secure or attempt to secure money or donations in other property by promoting any public bazaar, sale, entertainment or exhibition, or by any similar means for any charitable, benevolent or patriotic purpose whatsoever, except as provided herein, for the purpose, at no charge or at a charge below the cost, of administering to the material or spiritual needs of human beings either in the United States or elsewhere, or of relieving suffering of animals or of inculcating patriotism, unless the appeal is authorized by and the money or other property is to be given to a corporation, association or individual holding a valid certificate of registration issued as herein provided.

§ 22. Signature of appeals. Every written appeal must state the name of the association or corporation by which, or of the individual by whom, it is authorized and must be signed by an officer of the corporation or association or by the individual.

§ 23. Registration of corporation. Any corporation may file with the state board of charities a statement, which shall be verified by an officer of the corporation containing:

(1) A copy of the charter or act of incorporation or corresponding document; and

(2) The name of the corporation and the address of its head office and if a foreign corporation, its office in the state of New York; and

(3) The names and addresses of its officers and the members of the governing body, and if a foreign corporation, the names and addresses of its agents in the state of New York, if any; and

(4) A statement of the maximum percentage or other compensation allowed or paid for any services in connection with the collection of money or other property; and

(5) An account of the contributions in money or in other property, received, and all money or other property disbursed during the past twelve months; and

§ 24. Registration of association or individual. Any association or individual may file with the state board of charities a statement verified by an officer of the association or by the individual, and containing:

(1) The name and address of such individual, or if an association, the name and address of the presiding officer and the secretary of such association; and

(2) A description of the particular purpose and the disposition to be made of contributions; and

(3) A statement of the maximum percentage or other compensation to be allowed or paid for any services in connection with the collection of money or property; and

(4) An account of the contributions in money or in other property received and of money or contribution in kind disbursed for the same or similar purposes by the individual or association during the past twelve months.

§ 25. Certificate of registration. The state board of charities shall issue to each corporation, person or association filing the required statement a certificate of registration for the particular purpose described and for the necessary period.

§ 26. Semi-annual statement to be filed. Every corporation, association or individual holding a certificate of registration must file semi-annually, on or before the first day of February and the first day of August in each year, with the state board of charities a statement containing:

(1) If a corporation or association, its address and the names and addresses of its officers and the members of its governing body, and the date on which their terms expire; if an individual, his name and address; and

(2) An account for the six months ending on the last day of the preceding December, if filed in February, and the last day of the preceding June, if filed in August, of all receipts and expenditures for any of the purposes mentioned in this article; and

(3) In case of a foreign corporation, the statement of account may be limited to the receipts and expenditures in the state of New York, except that all salaries and commissions paid to any person either within or without the state shall be included.

The statement shall be verified in case of a corporation or association by the president or secretary of the corporation or presiding officer of its governing body, or, in case of an individual, by the individual.

§ 27. Statement of entertainment to be filed. The individual who, or the association or corporation which, gives or promotes any public bazaar, sale, entertainment or exhibition as provided in Section one shall within thirty days thereafter file a statement with the state board of charities showing:

(1) Total receipts including all contributions together with the name and address of each member and the amount contributed; and

(2) Total expenditure for salaries, commissions and all other purposes in connection therewith; and

(3) Total amount turned over to the beneficiary.

The statement shall be verified by the individual or by an officer of the association or corporation.

§ 28. Cancellation of certificate of registration. If the semi-annual statement be not filed within one month from the date fixed in this article the board shall notify the delinquent corporation, association or individual by mailing a notice to its or his last known address and if the statement be not filed within two weeks after the mailing of such notice, the board shall cancel its or his certificate of registration.

§ 29. Statements are public records. All statements filed under this article shall be public records and shall be open to inspection in the office of the board at such time and under such conditions as the board may by regulation prescribe.

§ 29-a. Solicitors must have authorization. No person shall solicit or collect any contributions in money or in kind for any of the purposes set forth in this article without a written authorization of the corporation or association for which, or the individual for whom, the contribution is made and the authorization must be sworn to any person on request. The authorization must be signed by an officer of the corporation or association for which or by the individual for whom the contribution is collected and must set forth the percentage of collection or other compensation for collection to be paid to the person so soliciting or collecting contributions.

§ 29-b. Filing of statement. The state board of charities may prescribe a form for all statements and accounts which shall be in such detail as may be prescribed by the board by regulation. The board may make other rules and regulations necessary for the purpose of carrying out this article.

§ 29-c. Fee. A fee of two dollars shall be paid to the state board of charities by every association, corporation or individual at the time of filing the original statement. The fee shall be paid by the board into the state treasury.

§ 29-d. Penalty. Any person who, or any association or corporation which, violates any of the provisions of this article, or any of the rules and regulations made under the authority of this article or fails to file any statement required to be filed within the

period fixed in the law, except that a semi-annual statement may be filed within six weeks after the date fixed, shall be guilty of a misdemeanor, punishable in case of a corporation or association by a fine of not less than one hundred dollars or more than one thousand dollars, in the case of an individual, either by such fine or by imprisonment for not more than one year, or both.

§ 29-e. Certain corporations and associations excluded. This article shall not apply to any corporation or association subject to the benevolent orders law, or to the religious corporations law, or to any committee, association, or body of or connected with an existing religious denomination, or to any of the institutions of the university of the state of New York, or to any corporation organized under the law of the state of New York for the purpose of establishing or conducting a museum of art or natural history, or to any labor union, or to the state or any municipal corporation thereof, or to any appeal made or sale or bazaar, public entertainment or exhibition held, for the benefit of such association or corporation, institution or labor union.

§ 2. The sum of $5,000 is appropriated to the state board of charities for the purpose of carrying out this act.

§ 3. This act shall apply only to cities with a population of over one million inhabitants and shall take effect immediately, except that section 21 of article XXII-A shall not take effect until one month after the passage of this act.

EXCERPTS FROM A REPORT

ON

THE INVESTIGATION OF WAR CHARITIES FRAUDS

CONDUCTED BY

EDWARD SWANN

District Attorney, New York County

(NOVEMBER 16, 1917—DECEMBER 31, 1918)

EDWIN P. KILROE

Assistant District Attorney

NEW YORK, N. Y., JANUARY 1, 1919

TABLE OF CONTENTS OF REPORT

PAGE

Introduction ....

I.—"The One Hundred Per Cent. Boys"..... ..

II.—The Waster Type of Charity—
- (a) The Army and Navy Bazaar..... ..
- (b) The American Ambulance in Russia..... ..
- (c) Minor examples of the waster type..... ..
  - (1) The Italian-American Society for the Relief of the Blind, the Mutilated and the Orphans of the War..... ..
  - (2) The Italian-American Alliance..... ..
  - (3) The American Convalescent Home Association—Helen Adams ....
  - (4) The Holland-American Home for Belgian Widows and Orphans—Henrika A. C. Van der Flier..... ..
  - (5) The French Restoration Fund—Countess Sartoris ....

III.—Profiteering ....
- (a) Professional Soliciting and Advertising..... ..
  - (1) Morton L. Palmer..... ..
  - (2) George F. Sweeney..... ..
  - (3) Matt Glaser ....
  - (4) William Baxter ....
  - (5) Forsyth & Fisk..... ..
  - (6) Wm. Garland Brown..... ..
  - (7) Curry and Saunders..... ..
  - (8) Wheaton Service Corporation—E. F. Wheaton, E. J. Hutson..... ..
  - (9) Samuel R. Wiley..... ..
- (b) .....
- (c) The National Emergency Relief Society..... ..
- (c) Baroness H——— ....
- (d) "Countess" T——— ....
- (e) The Drake Section Sanitare..... ..
- (f) Countess Mazzuchi ("The Angel of the Marne") ..
- (g) Theatres and Music..... ..

PAGE

IV.—Foolish Charities—
(1) The American League for World Peace by Allied Victory .....
(2) The American Federation of Flying Yacht Clubs. ..
(3) The Godfathers League of Our Allies..... ..
(4) The National Prayer for all Mothers of the Defenders of Democracy..... ..

V.—Miscellaneous Frauds—
(1) Block Parties ....
(2) Matrimonial Agencies ....
(3) The Alien Women's and Children's Relief..... ..
(4) The Children's Free Lunch League..... ..
(5) The Christian Non-Sectarian Rescue Church of the Living God..... ..
(6) Mrs. Smith and her canes and crutches..... ..
(7) Street soliciting ....

VI.—Patriotic Societies ....

VII.—Results of Investigation..... ..

VIII.—Frauds Abroad ....

IX.—Inadequacy of the Law..... ..

X.—Recommendations ....

EXCERPTS FROM A REPORT ON THE INVESTIGATION OF WAR CHARITIES

By Edwin P. Kilroe, Assistant District Attorney, New York, N. Y., Jan. 1, 1919.

NEW YORK, N. Y., *January* 1, 1919.

HON. EDWARD SWANN,
District Attorney, New York County,
New York, N. Y.

DEAR SIR: On November 16, 1917, you directed me to make a comprehensive investigation of the methods and measures employed in raising and disbursing funds for war charities or war-relief work in New York City. The investigation, which has continued for a period of approximately 14 months, is completed, and I desire to submit to you the following brief exposition of the salient features revealed:

Five hundred and thirty-four committees, societies, organizations, "funds," or "charities" were investigated and their accounts, vouchers, and books carefully audited and inspected; 1,583 witnesses were examined and 947 statements were taken, covering 3,454 typewritten pages, legalcap size; 2,472 letters were received and answered; 4,463 queries were received by telephone, by correspondence, or in person, and replies given thereto. A comparative study of the financial methods employed in war-relief work in other cities and States was also made, and, in order that the scope of the investigation might be as broad as possible, attention was given to the methods in vogue in foreign countries.

Since the outbreak of the world war, in the midsummer of 1914, it has been estimated that no less than 20,000 agencies, of one class or another, have been engaged in war-relief work in the United States, and that of this number at least 7,500 operated during some period of their activity in the city of New York. It is said that there are now at work in this city over 1,500 different war charities. The amount raised in the United States by these charities, either in money or in goods, has been conservatively estimated at from $3,000,000,000 to $4,000,000,000, and it may be said with confidence that upwards of three-fifths or 60 per cent of this amount was raised in New York City.

At the very inception of the investigation it was revealed that no degree of uniformity in purpose, conception, or execution was to be found, and that the field of war-relief work in the United States presented a vast jungle of forms and fancies as various as the human imagination might suggest. As the investigation progressed, certain statifications of motive, method and execution began to be outlined. The immense returns obtained through these ill-organized and wholly unofficial channels suggested at once the opportunity for fraud, profiteering, mismanagement, and inefficiency; and, at the same time, brought to light the tremendous generosity with which the public at large had given and were blindly giving to the worthy causes promoted at once by the sincere worker and the deliberate fraud. Of especial interest was the revelation of the character and prominence of the patrons of the various individual activities, and the gullible or careless ease with which persons of prominence lent their names, in many instances without either judgment or investigation, to activities conceived and promoted often by ex-convicts, confidence men, adventurers, and social parasites.

This form of activity was hit upon at once by "climbers," who saw an opportunity for social recognition and preferment in the advertisement and popular approval that would follow from their ostentatious philanthropy and patriotism. Many people of this type, possessed of considerable fortunes, and therefore without venal motive, but wholly devoid of experience or adaptability for the form of work undertaken, saw in the field a prospect of governmental recognition, commendation, or even official honor or decoration. To these various types of apparent respectability the legal and social outcast attached himself, and thus fortified preyed upon the prestige and public influence so obtained to mulct the patriotic and the generous and waste and dissipate the national benevolence. In many instances it was discovered that the names of persons of unimpeachable character and integrity were exploited for selfish purposes, wholly without their consent or even knowledge; but by far the greater vice lay in the use of the names of prominent and worthy persons as directors, committee members, and patrons, whose approval and consent were actually given without sufficient and in many cases with no investigation as to the character of those who managed the activity and handled and disbursed the funds. It was found that well-intending men and women of prominence, or unquestioned sincerity and philanthropic character, wholly lending the venal impostor their cloak of respectability, wholly neglected their

duties of public stewardship and failed utterly to give the proper and in many cases no measure of supervision to the methods, either of collection or disbursement, employed by the self-appointed agent. Thus recommended to the public confidence, and unrestrained either by check or conscience, the swindler and the profiteer proceeded to gorge themselves from the outpourings of the generous public purse.

Worthy committees, under the plea of necessity and in their eagerness to obtain returns for laudable objects, were induced to enter into unconscionable contracts with solicitors, whose percentages ranged from 40 per cent. to 85 per cent., and to undertake without judgment or foresight the expenditure of vast sums of money for overhead expenses, advertising, and other forms of exploitation, without a view either to the amount of expense incurred or the proportion that it might bear to the eventual return. If followed necessarily that out of the three or four billion dollars raised for war relief in the United States since the outbreak of the war a large percentage found its way into the pockets of the professional solicitors, who worked solely on a percentage basis, and through the medium of whose efforts funds were largely solicited and received. In their eagerness to secure some return for the activity undertaken, committees and organizers winked at this method, and the contributing public was gulled into supposing that its gifts were finding their way directly into the hands of the suffering and needy; and the promotors and solicitors were little concerned in the motives or expectations of the donors or with the call of the worthy and needy sufferers in whose cause they ostensibly labored. Ambitious public functions, with the glamour of social, patriotic, and philanthropic dedication, were organized and undertaken by the well-meaning dilettanti. Large attendances were secured and considerable sums devoted in support by the unwary; and after the tinsel and the glamour were bushed aside, an accounting had, and obligations paid, a mere pittance remained for the benefit of the war sufferer.

Deliberate theft played its part in rifling the war-relief chest, but because of the impossibility of checking up either the amounts contributed or the disbursements made, the exact amount of the moneys stolen can never be definitely ascertained. From the facts revealed, however, it may be fairly estimated that the amount stolen in the city of New York for a period of 12 months prior to the starting of the investigation exceeds $3,000,000. The wastage due to inefficiency, mismanagement, and duplication of effort is likewise impossible of accurate ascertainment, but from the enormous discrepancy between the amounts collected and the amounts apparently

dedicated to the announced object of charities, where figures were obtainable, it is not unfair to say that the wastage amounted to as much as 65 per cent. of the moneys collected.

The principal vices revealed in the course of the investigation are, briefly, as follows:

(1) The payment of commissions to solicitors and collectors.

(2) Soliciting funds, selling buttons, tags, and merchandise on the streets and in public places, conveyances, and places of amusement.

(3) The remit or return method of raising money; that is, the form of solicitation for funds, where trinkets, souvenirs, or other forms of merchandise are forwarded to charitably inclined persons with the request that either a donation be remitted or that the article be returned—a form of exploitation inuring to the benefit of profiteering manufacturers.

(4) The payment of large, often exorbitant, salaries to executives and promoters.

(5) The conduct of public entertainments and bazaars at enormous outlay and small return.

(6) The failure to keep adequate accounts and to provide audit and supervision.

(7) The failure to prepare budgets and to fix plan and scope.

(8) The failure to provide an active board of directors to supervise and direct the activities of the society or charity.

(9) The organization and maintenance of societies or charities without a definite purpose or object.

(10) Unnecessary and wasteful duplication of activities by societies competing for funds for the same or similar ends.

(11) Lack of business methods and efficiency in conduct and management.

(12) Inadequate equipment, both in facilities and personnel, for the work undertaken.

Upon a survey of the vast amount of data collected and from the statements of the numerous witnesses examined, the various forms of activities devoted to war relief work may be classified, with a view to their character and usefulness, under the following heads:

(1) Worthy war relief work, honestly and efficiently conducted, where a respectable percentage of the funds secured are appropriated to the avowed objects.

(2) Wasteful activities pursued for a worthy object by people of integrity in which, through lack of business method, ability, or

experience, insufficient or grossly inadequate returns were made to the object avowed.

(3) Ill-conceived or absurd activities, ofttimes well intended, from which no benefits accrued to a worthy end.

(4) Profiteering enterprises of ostensibly philanthropic purposes but frequently conducted for the personal profit or preferment of the promoters and managers.

(5) "The One hundred per cent boys," an out-and-out thievery, where every cent collected was misappropriated and stolen.

Since the investigation was concerned chiefly with frauds and abuses, activities classified under the first of the foregoing headings have no appropriate place in this report. The remaining four classifications, however, are worthy of a brief word of comment, with a descriptive sketch of a typical example in each class.

* * * * * * * * * * *

III.—PROFITEERING.

Profiteering in war-relief work, although manifesting itself in various forms and actuated by a variety of motives, may, nevertheless, be roughly defined as the exploitation of the patriotic public for private gain by devices which contribute some part of the net proceeds to charitable objects or operate exclusively to the advantage of the profiteer. The former class of cases embraces that variety of operations in which it is advertised or announced that a portion of the proceeds of the enterprise would be devoted to war-relief work. This form of profiteering, although usually done with the conscious expectation of private gain, was not without some degree of philanthropic spirit; while the latter form was commonly employed in cases where relief itself was exploited through the writing of a book or the solicitation of funds for personal relief upon some slight pretext to justify the appeal.

The following forceful denunciation of profiteering, issued by President Wilson, contains by implication both a definition and a remedy for this evil:

"Patriotism leaves profits out of the question. In these days of our supreme trial, when we are sending thousands of our young men across the seas to serve a great cause, no true man who stays behinds to work for them and sustain them by his labor will ask himself what he is personally going to make out of that labor. No true patriot will permit himself to take toll of their heroism in

money, or seek to grow rich by the shedding of their blood. * * * Profiteering that can not be got at by the restraints of conscience and love of country can be got at by taxation. There is such profiteering now, and the information with regard to it is available and indisputable."

Professional Soliciting and Advertising.

The field of war-relief work proved a Bonanza for the professional solicitor and advertiser. The privilege of soliciting donations for a particular funds or advertisements for special or souvenir journals and programs for benefits were farmed out to professionals. These parasites would immediately advertise for solicitors on a commission basis. It was shown that men and women of ill repute, those desperate both in morals and in fortune, flocked to these places and were set to work soliciting from the public without even the formality of an investigation; in fact, in some cases names and addresses were not taken before the solicitors were turned loose on the public. It is apparent that in numerous cases money thus collected was not even reported to headquarters.

In discussing the subject of bazaars and soliciting for charity a leading advertising salesman in this city remarked:

"I recently met one of my former salesmen whom I had not seen for some time and found him to be the picture of opulence. I asked him what he was doing. He replied, 'I have one of the softest grafts in the world. I am putting on charity shows.' He went on to say that he had cleaned up $28,000 in six weeks from persons who had given his '*sweet girl solicitors*' money for tickets, which tickets the purchasers would not take because they could not attend the performances, and he said, 'There are numerous sources of income on the side, such as individual splits, advertising contracts, commissions, rebates, and padded expense accounts.'"

Methods of the most unscrupulous character were employed by the solicitors; prominent merchants in the city bearing German names were telephoned to or visited by them and were told that unless donations were received from them for certain benefits or advertising matter subscribed for, their names would be reported to the United States Government as persons who ought to be interned.

* * * * * * * * * * *

VI.—PATRIOTIC SOCIETIES.

A related activity which came within the scope of the investigation was that of the so-called patriotic societies which sprang up throughout the country and met with varying degrees of success. While these institutions were not directly engaged in war relief work, the large sums collected by popular subscriptions to their treasuries suggested the need, as they came within the purview of the investigation of scrutinizing their activities and bringing to light their methods and purposes.

The growing spirit of patriotism before America entered the war was played upon by the promoters of those institutions who rang the changes with flamboyant expressions of patriotic sentiments and sonorous title. The public purse was liberally tapped with apparently the same degree of sincerity and scrupulousness as that exhibited in war relief endeavors. Here, too, the same varieties of human weaknesses were disclosed. Many instances were discovered where "soi de sant" patriotic societies sprang up, mulcted the trusting and generous, and disbanded or disappeared.

Early in the investigation the attention of the district attorney's office was called to the so-called *League for Loyal Americans (Inc.)*. The league was founded May 29, 1917, by Milo T. Bogart, as executive director, and established headquarters at No. 200 Broadway, New York City. The enrollment card upon which subscriptions were received bore in colors on its face the shield of the United States and the following statement: "I hereby declare myself in full sympathy with every movement that aims to unite American citizens in the cause for which the league stands—'America efficient, prepared, and protected.'"

Bogart, when examined, promptly confessed that he was an ex-convict, had served three years in the penitentiary at Chester, Ill., and admitted having collected $600 or $800 up to the time his corporation was investigated. He consented to discontinue his propaganda and retire from the field of patriotic and war-relief work. Such a man was able to include among his charter members such distinguished citizens as Hon. Elihu Root, Robert Bacon, Hon. Reed Smoot, Cornelius Vanderbilt, Hon. James W. Gerard, and Judge Norman S. Dilke. His avowed object was to raise funds for the purpose of drilling American citizens and the organization of a well-prepared army for national defense.

The Loyal Publicity League of America was the title under which Chester A. Applegate and W. H. Thompson conducted an

ostensibly patriotic society at 1482 Broadway, New York City. The vehicle here used to extract money for personal gain by patriotic appeal was the issuance to citizens of foreign birth of a formidable questionnaire upon which, if the answers under oath were satisfactory, a diploma or certificate of loyalty was issued for a specified fee. This diploma or certificate was represented as an open sesame to the select circle of patriotic Americans. This form of fraud was promptly suppressed.

A flagrant example of the uncontrolled institution of these societies is found in the case of the *Boy Scouts of America* and the United States Boy Scouts, two rival organizations in the Boy Scout movement in the United States. The Boy Scouts of America, from all appearances, is an organization that has been conducted upon a high moral plane, well administered, and its funds faithfully applied for the benefit of the youth of America, and has flourished for some years. The United States Boy Scouts, however, was an organization formed in competition with the Boy Scouts of America which capitalized the good name of its rival and secured money contributions through the misapprehension on the part of the donors that the moneys were to be applied for the support of the Boy Scouts of America, a confusion which the similarity of the names employed made possible.

Contributions were obtained by the United States Boy Scouts upon appeals containing statements admittedly false concerning the number of their members and the disposition of their funds, and so far as has been revealed, the only beneficiary of the donations or activities of the organization is one Ammerman, treasurer, who conducts a jewelry business at Nos. 5 and 7 Dey Street, where he also maintains the national headquarters for the United States Boy Scouts. "Majors," "colonels," and other "officers" are appointed with reckless abandon by Ammerman wherever contributions may be stimulated thereby, and one of these officers, "Col." J. E. Smith, an ex-convict, who served a term for bigamy in Indiana, was sent to places of amusement making appeals for funds and taking up collections. Neither the amount of money collected by the United States Boy Scouts nor the number of its members or the disposition of its funds has been ascertained neither has it been revealed or discovered that any part of the funds collected have been expended for the benefit of the boys in whose behalf the donations were made.

The National Women's Army, conducted by Col. Netta I. Boardman, proposed the enrollment of women for military training for

self-defense as a device for securing a membership fee. Funds were also raised by public entertainments and private appeals. No accounting was had and no record kept of the moneys received or disbursed, and at the request of the District Attorney the "army" wis disbanded.

A large and successful organization, formed and conducted under the guise of patriotism, is now the subject of investigation by the United States Congress. This organization has announced that its budget for 1918 was upward of $1,200,000, which money was for the ostensible purpose of spreading propaganda throughout the country for our national security and protection. No institution in the entire field gave greater promise by reason of the personnel of its officers, committees, and leading members, of sincerity and honesty of purpose, and none was accorded a more general and liberal support. Twofold, therefore, is the wrong perpetrated by such an institution when it appropriates the funds contributed to it and employs its influence for the advancement of partisan and personal interests in contravention of its avowed intensions and patriotic aims.

These flagrant examples of the abuse of public confidence and the misdirection of patriotic impulses call for official scrutiny and control.

VII.—RESULTS OF THE INVESTIGATION.

As the investigation progressed and the intricate ramifications and vast proportions of waste and culpability were unfolded, it became apparent that the situation called for drastic and perhaps extra legal remedies for the protection of the public and the successful and honest conduct of war relief work.

For the achievement of this purpose the more available devices seemed to be the immediate warning and education of the public as to the methods employed, the suppression of unworthy and improper activities by prosecution where possible or by pitiless publicity where an element of strict legal proof might be wanting, and the enforcement of restitution of funds fraudulently derived or culpably misappropriated in the conduct of existing charities.

In every case where legal proof was unearthed the facts were immediately presented by the grand jury for action, the defendants placed on trial, and convictions obtained.

As a result of the publicity given to the fraud and waste discovered, 384 out of 534 charities investigated by the District At-

torney were forced to discontinue their activities, either as corrupt, dishonest, mismanaged, or in fraud of the public. Of the remaining 150 which were found worthy of full or some degree of public confidence, three-fourths were found to employ some vicious methods of collection, disbursement, accounting or administration, but all of them cheerfully accepted suggestion and criticism and corrected the abuses pointed out. These societies thus improved continued their activities and achieved useful results.

Many estimable ladies, actuated by lofty motives and at great personal sacrifice, devoting their entire time and energy, and oft-times their money, were discouraged in their support of unworthy charities and found other avenues for the useful expression of their zealous and wholehearted philanthropy. Much difficulty was experienced, however, in convincing some of them of the necessity of discontinuing their pet schemes, as they seemed obsessed with the view that because of some especial virtue in their particular work an exception should be made in their behalf.

In many instances where lack of witnesses, want of proper co-operation from the innocent parties involved, and other tactical reasons made it inadvisable to institute a criminal prosecution, but where moral obliquity was unquestionable, restitution was forced from the offender by the district attorney, and in this manner upward of $250,000 was restored to the charities for which the money was originally intended.

Some institutions which were discontinued under pressure of the investigation were closed out and their assets turned over to worthy charities. In this manner, in a single instance $5,000 in cash and $35,000 worth of automobiles and goods were realized. Upward of $1.000 was restored to the American Ambulance in Russia; $30,000 realized from the discontinuance of the Drake Section Sanitaire was turned over to the French authorities or refunded to the donors; the firm of Forsyth & Fisk were compelled to return upward of $12,000 to the Seventy-first Regiment, and Mrs. L. L. Daniels and a man named King returned approximately $800 to the War Babies' Cradle.

In many other instances, dishonest collectors or fraudulently or improperly conducted institutions were compelled to discontinue their operations and turn over their funds to substantial and reliable societies engaged in war relief work.

The revelations of imposition, mismanagement, or misconduct in the collection and handling of funds solicited in the names of foreign societies and committees in America, and especially in New

York City, brought these activities to the attention of the foreign Governments and resulted in the suppression of the efforts by the respective Governments as an act of courtesy and respect to the United States. Many of these activities were doing worthy work and were properly administered and controlled, but with the advent of the United States into the world war the allied countries assumed the position that the generosity of the American public should not be diverted from the proper war-relief aims and needs of this country. In this connection, the statement of a well-known representative of the British Embassy is of interest:

"I have strongly urged this afternoon to the British authorities here and to Lord Reading, British ambassador to Washington, that such activities * * * should be checked as being open to misconstruction. The American people, as a matter of fact, have been so generous in everything relative to entente relief funds that no appeals whatsoever should be made to them for contributions, save by societies which should receive proper approval and authorization from the local authorities here."

Italy, France, and Belgium adopted the same policy. In this manner, the activities of Lady Kingston, wife of the Earl of Kingston, of Kilronian Castle-on-Shannon, County Roscommon, Ireland, were discontinued, although the lady enjoyed an excellent reputation and no objection to her methods of accounting was found. Lady Kingston's appeals were in behalf of the shamrock fund for disabled Irish soldiers.

The campaign conducted by Lord and Lady Aberdeen, instituted for raising funds for the welfare of Irish and Scotch orphans, was also discontinued at the request of the British Government when it was revealed that the Lord and Lady were employing the services of an imposter by the name of Carl Diener, and perhaps accepting some part or all of their expenses from the funds contributed.

As the searchlight of the investigation penetrated the dark corners where lurked the fraud, mismanagement, and corruption that were undermining the whole structure of war relief, the social "climber" and the social parasite who promoted waste and invited fraud and profiteering by their inefficiency and mismanagement were driven from the field lest their ambition for social preferment and advantage might lead them to public opprobium and disgrace.

It is thus evidence that the results of the investigation are not to be measured entirely by the court record of the prosecutions instituted and the number of convictions obtained or sentences imposed, but rather that the greater benefit secured in the revelation

of the frauds and vices practiced and indulged in the collection of funds for war relief, and the assistance and stimulus given in the rehabilitation of war relief effort on a constructive and sincere basis. It is therefore as a mere incident of this report that the following outline of the specific accomplishments of the investigation is included:

RÉSUMÉ OF THE RESULTS OF THE INVESTIGATION.

(1) 534 committees, societies, organization, " funds " or " charities " investigated.

(2) 1,583 witnesses examined.

(3) 947 statements taken, covering 3,454 typewritten pages.

(4) 2,742 letters received and answered.

(5) 4,463 queries received by phone, by letter, or in person.

(6) 26 indictments filed by the grand jury and a number of convictions had.

Among those indicted were: Mrs. William Cumming Story; Charles Donald Fox, Secretary of the Army and Navy Bazaar; " Doc " Waterbury, alias Julius L. Ford; George F. Sweeney and Arthus Curry, advertising solicitors; and The One Hundred Per Cent Boys, to wit: Michael J. Delahunty, Lester Winkelman, Alfred Gardner, James F. Mendels, and Fred J. Remsen.

Among those convicted were: Eugene Jess, sentenced to State prison for not less than one year and three months or more than two years and six months; Lester Winkelman, sentenced to State prison for not less than three years nor more than six years; Charles David Fox, sentenced to not more than three years in the penitentiary; William J. F. O'Neill, sentenced to State prison for not less than two years and six months nor more than four years and six months; Michael J. Delahunty, sentenced to State prison for not less than three years nor more than six years, later released on parole for service to the State as a witness.

Fugitives from justice: Alfred Gardner (" Stuttering Al ") and James F. Mendels, of The One Hundred Per Cent Boys.

(7) *A presentment filed by the grand jury warning the public against waste and misappropriation in war-relief work.*

(8) 384 committees, societies, organizations, " funds " or " charities " forced to discontinue their activities.

(9) Restitution to the extent of approximately $250,000 forced from fraudulent " charities " and swindlers.

(10) The suppression of The One Hundred Per Cent Boys: This coterie of ex-convicts, professional swindlers and confidence men, who in 8 months, under the guise of charity, fraudulently obtained $500,000 from the New York public, has been entirely wiped out, its members having either been sent to prison or are fugitives from justice.

(11) *Gigantic frauds:* The investigation revealed that during a period of one year in New York City approximately $4,000,000 had been stolen from the public in the names of charity.

(12) The elimination of the ex-convict and confidence man as a charity worker.

(13) The elimination of the charity worker or solicitor on a commission basis.

(14) The exposure of the " waster type " of war relief charity.

(15) The enactment of an ordinance by the Board of Aldermen of the City of New York requiring the manager of a charity bazaar or entertainment to be licensed and to be placed under bond for a proper accounting of the funds raised by him.

(16) *A partial list of discredited war charity organizations:*

Alien Women's and Children's Relief.
American Ambulance in Russia.
American Convalescent Home Association.
American Federation of Flying Yacht Clubs.
American-Italian War Relief Society.
American League for World Peace.
American Patriotic League.
Army and Navy Comfort Committee.
Belgium Babes' Relief Committee (formerly the American Committee for Relief of Babes of Belgium).
American Soldiers' and Sailors' Christmas Cheer Fund.
Children's Free Lunch League (Inc.).
Cripples War Relief Association (Inc.).
Drake Ambulance and Drake Section Sanitaire.
Fund for the Orphans of Italian Soldiders in Italy.
The Godfathers' League of Our Allies.
The Italian-American Society for the Relief of the Blind, the Mutilated, and the Orphans of the War.
The League of Loyal Americans.
The Loyal Legion of America.
The Loyalty League.
The Loyalty Publicity League of America.

The National Federation of the Committees for Assistance to Blind, Lame, and Mutilated Soldiers.
National War Relief Committee.
National Women's Army.
The One Hundred Per Cent Boys.
The Penny-a-Week Fund (Nealy).
The Protection of French Soldiers Retired for Disability (Brohiler Cie).
Samaritan Circle of the Fatherless Children of France.
Service Flag Hospitality.
Thanksgiving Dinner Fund for Soldiers.
World War League.
World War Record Association.

(17) *Advertising solicitors forced out of war-relief work:*
Curry & Saunders, working on a 50-75 per cent basis.
Forsyth & Fisk, working on a 40-85 per cent basis.
M. F. Sweeney, working on a 50-50 per cent basis.
Wheaton Service Corporation, working on a 40-70 per cent basis.

(18) *Notorious ex-convicts forced out of war-relief work:*
"Doc" Waterbury, alias Julius L. Ford.
Milo T. Bogart.
Nathaniel S. Shaw.
E. J. Wheaton.
C. H. Alshouse.
Samuel Wiley.
"Colonel" J R. Smith.

(19) *People of prominence who were requested to discontinue war-relief work:*
Lord and Lady Aberdeen.
Countess Sartoris (Mrs. Cecile Sartoris, wife of a grandson of Gen. U. S. Grant).
"Countess" Chic Mazzuchi (The "Angel of the Marne").
Miss Henrika A. C. van der Flier.
"Countess" Laura de Gozdawn Turozynowicz.
Seumas, chief of Clan Fhearguis of Stra-char and Clan Ailpein Argyle, Scotland.
Mrs. William Cumming Story.
Waldemar De Billie, manager of charity bazaars and entertainments.

VIII.—FRAUDS ABROAD.

As a necessary corollary to the investigation of war charities in America, with the ever-present question as to how the moneys were obtained and applied, the query as to how the funds, amounting to three or four billions of dollars forwarded abroad have been expended and administered suggests itself with the irresistible suspicion of misapplication and waste.

The venal, incompetent, and dishonest organizations and committees operating in America forwarded their funds, in most instances, to correspondents of their own selection or original alliance, and upon the simple theory that "birds of a feather flock together" it may be inferred, without violence to reason or logic that irregularities equally as serious would be discovered abroad in these instances.

It is readily apparent that opportunities for investigation and detection with the restraint consequent thereon were better in this country than abroad, and at least an equal amount of irregularity might therefore be the consequence of the lack of this restraint. Throughout the course of the investigation occasional war workers, returning soldiers, and others were interviewed, from whom sidelights on the methods pursued abroad were obtained, and while it may be said in frankness that insufficient information to legally substantiate the charge of corruption abroad was revealed, enough has been said and suggested to support the inference that substantial irregularities exist along the lines deduced from the revelations here. It has been asserted that upward of $50,000,000 has been fraudulently misappropriated or diverted from the funds sent to Europe, and that moneys are even returned to this country for the use of local confederates who had with apparent honesty in their records here forwarded the moneys collected here. It has been confidently asserted that many of the committees to whom funds were forwarded were mere dummies for the American operators and that the funds were misappropriated by the padding of accounts, rebates, commissions on purchases, and the payment of gratuities.

The assertion is publicly made and reiterated that materials actually intended for free distribution among the men in the service have instead been sold to them, often at exorbitant rates and in complete violation of the trust under which they were donated.

The public is entitled to know whether or not these accusations and suspicions are well founded, and if the public generosity and

confidence has been betrayed the fact should be fearlessly revealed and the offenders promptly and mercilessly punished.

An investigation along the lines and with a view to the results achieved and methods pursued by the District Attorney of New York County should be instituted immediately under the auspices of the Federal Government in co-operation with the District Attorney of New York County, from whose jurisdiction so large a proportion of the funds were forwarded, and the results are sure to justify the expense involved and bring to their fruition the efforts expended in the investigation of war relief work in the City of New York. It is the duty of the District Attorney of New York County to take such steps as his jurisdictional limitations will permit to investigate and discover, if possible, whether or not moneys collected within his jurisdiction for war relief purposes have been misappropriated by any person into whose hands they may have come. Nothing less will satisfy an interested public.

The need for such an investigation has not in any way been lessened by the cessation of hositlities, as relief work is needed even more for our men in the service and the stricken peoples of Europe.

IX.—INADEQUACY OF THE LAW.

In the absence of legal proof, often difficult of acquirement, the District Attorney was powerless to suppress or remedy the abuses discovered by strictly legal means, and except for the power of subpoena and investigation and the aid of the public press, reinforced by public opinion, the excellent results obtained and the vast savings achieved would never have been possible.

The more venal institutions kept no records, either of the persons interested, their officers, or their receipts and disbursements. In failing to make or keep such records no law was violated and no punishment could be meted out. Discovery of crime in such a case was therefore difficult, if not impossible, and only in occasional instances was evidence accidentally secured to justify a conviction. Any person of whatever character was and still is permitted to institute a war charity and to collect funds for war relief; even the identity of some of the principal malefactors can not be discovered.

The legal remedies available at present are the simple provisions of the penal law relating to the misappropriation of funds and the obtaining of money by false pretenses. As the law now stands, the power of the District Attorney and the grand jury to investigate for the purpose of discovering the commission of a

crime is rendered nugatory by the lack of any law requiring the registration of those engaged in war activities and the keeping and verification of accounts showing the amounts collected and disbursed.

The propriety of remedial legislation could not be more apparent, nor has the necessity therefor been lessened by the cessation of hostilities. So long as the shell shattered remnants of the peasant homes of Europe remain unrebuilded, or a desecrated art treasure remains unrestored, so long will the appeal be heard and the generosity of America respond for "war relief." The wounded soldier and his dependents, the dependents of those who have died in the service, and even the families of those who fought and returned will, after their death, present a never-ending appeal to the sympathies and appreciation of the public with the everlasting memory of their services in the great world war. So long as any of these objects of popular charity remain, war relief activities will not down.

Little has been done by way of remedial legislation to correct these abuses in any part of the country. The State of Illinois is perhaps the only State in this country that has had any progressive legislation on the question of war-charity control. On July 1, 1917, a law went into effect in that State which places the matters of war charities and solicitations of funds in the hands of the State council of defense and gives that body full power and authority to issue and revoke licenses for the solicitation of funds. No person, society, club, or association is allowed to solicit without first getting a license from the State council of defense, which council is given power and authority to make rules and regulations for the registration of persons engaged in war-relief work and the issuance of licenses thereto. The law further provides that before any person can engage in war-relief work that person must file a statement with the State council of defense, the statement to contain the name of the war charity for which the person desires to solicit, the amount to be raised, the method and channel of raising and distributing the money, the amount of compensation to be paid for subscriptions, and the manner in which the money is to be distributed. A violation of this law is made a misdemeanor punishable by a fine of $1,000.

The Illinois law, however, has been in a way ineffectual, due to the fact that the State council of defense has not made proper provision for the investigation and checking up of the applicants and the verification of the statements filed; also in the matter of provid-

ing a sufficient number of investigators to see that the law is not violated. However, the law is a good one and would be effective if propertly prosecuted.

England, early in the war, foresaw these necessities and enacted what is known as a general charities act, which became effective on the 23d day of August, 1916. This legislation seems to have solved the war relief work situation for England; that is, so far as the protection of the public and the needy beneficiaries are concerned. Briefly, this act provides that it shall be unlawful for any person, committee, or organization to make any appeal to the public for donations or subscriptions in money or in kind for war charities or to raise or attempt to raise money for war charity by conducting a bazaar or entertainment, or by any means, unless the charity is registered. The law further designates the authorities with which charities shall be registered in the various communities, and that the charity can not be registered unless the registering authorities are satisfied that the charity is established in good faith for charitable purposes, and that they will comply with the provisions of the war charities law.

All charities registered are required to have their funds administered by a committee consisting of not less than three persons. Minutes of the committees are required to be kept and regular meetings held, and a proper audit of the committee's accounts is made mandatory. The manner in which the funds are disbursed are also required to be accounted for before the registrar. When any charity is found to be unworthy, the registration is immediately revoked. The law is drastic, and any one violating any of its provisions can be dealt with in a summary manner, subjected to a fine, or given three months' imprisonment at hard labor. Profiteers and other persons, like Baroness H———, Countess T———, and thousands of others could not operate under such a law, and for that reason they operated in this country. In fact, Baroness H———, when examined, admitted that she would not be permitted to raise money in England or in France for her own profit, while it was easy to raise money here. In England an appeal from the decision of the registrar is allowed to the commissioner of charities, and under the provisions of the act requiring that a charity be administered by not less than three responsible persons, the possibility of unscrupulous persons soliciting and managing charities has been entirely eliminated.

In New York City, on December 3, 1917, an ordinance passed by the board of aldermen became effective. This ordinance requires

the manager of a bazaar or other charitable entertainment to obtain a license from the commissioner of licenses and to file with that official a bond to the effect that within 10 days after the entertainment the moneys raised and disbursed will be properly accounted for.

There is now pending before the United States Senate bill No. 4972, introduced by Senator Ashurst. While the presentation of this measure provide encouragement to the expectation that remedial legislation may be enacted by Congress, the bill itself is inadequate, and amplification and amendment are necessary before its operation can promise salutary results. For the effective and proper control of patriotic societies and war relief organizations there should be Federal regulation and supervision under one of the principal departments of the Federal Government, either the Department of Justice, the Department of the Interior, or the Treasury Department; and such Federal regulation should be supplemented by State and municipal laws. Accordingly, three bills are in the course of preparation in the District Attorney's office embodying such provisions as the investigation lately concluded suggests and intended to correct abuses and eliminate the evils revealed, respectively intended for national, State, and municipal enactment. Each of those measures is intended to cover a separate phase of the situation, and, when taken together, to complement and supplement each other and thus comprehensively cover the field. For want of a better name the three bills may be referred to as "The charity triplets."

X.—RECOMMENDATIONS.

The following recommendations are suggested by a survey of the conduct and results of the investigation:

(1) The management, control, and finances of war charities abroad to which American money was donated should be investigated to the end that culpability may be established and false suspicions dispelled.

(2) Legislation looking to the supervision and control of patriotic societies and war-relief organizations should be enacted by Congress providing for a bureau under the Department of the Interior, which shall have supervision and control over patriotic societies and war-relief organizations. The bureau so created should have the power to formulate rules and regulations for the conduct of its functions, and suitable appropriation made for the prosecution of its work.

(*a*) No person or organization should be permitted to collect or receive funds or distribute mailable matter for patriotic societies or war-relief activities except upon the issuance of a license.

(*b*) No license to be issued except upon the sworn statement of a responsible person or committee who is to be in charge of the conduct of the enterprise, this sworn statement to indicate the names of the organizers, the object of the organization, and the scope of its work.

(*c*) Each person or society receiving such a license should be required to file with a bureau a semi-annual statement under oath giving the names and addresses of all members, the sums of money collected, names and addresses of the contributors, and the amount contributed by each, and an itemized statement of the disbursements made and the purposes thereof.

(*d*) Copies of all printed appeals for funds or co-operation should be filed within five days after such appeal is made.

(3) Legislation should be enacted in the State of New York embodying provisions similar to those in the Federal enactment covering war-relief work.

(*a*) There should be created in the office of the Secretary of State a bureau to supervise war-relief work activities in the State of New York.

(*b*) No person, committee, or organization engaged in war-relief work should be permitted to operate in the State of New York without first obtaining a license therefor.

(*c*) No license should be issued except upon the sworn statement of a responsible person or committee who is to be in charge of the conduct of the enterprise, this sworn statement to indicate the names and addresses of the organizers, the object of the organization, and the scope of its work.

(*d*) Each person or society receiving such a license should be required to file with the bureau a semi-annual statement under oath, giving the names and addresses of all members, the sums of money collected, names and addresses of the contributors, and the amount contributed by each, and an itemized statement of the disbursements made and the purposes thereof.

(*e*) Copies of all printed appeals for funds or co-operation issued in the State should be filed within five days after such appeal is made.

(*f*) The bureau to have the power to immediately revoke the license of any person, committee, or organization collecting funds

through the agency of persons employed upon a commission basis, or where the operating expense, as revealed upon investigation or by the semi-annual report, exceeds 30 per cent. of the gross amount collected.

(*g*) The violations of any of the provisions of the law should be punishable by an appropriate penalty.

(4) An ordinance should be enacted in the City of New York prohibiting the soliciting of funds, the sale of buttons, tags and merchandise on the streets, in public places, at public functions, and places of amusement, for charity. Suitable exception in the proposed legislation should be provided to cover solicitations on behalf of strictly religious bodies.

The District Attorney was greatly assisted in the conduct of the investigation by many interested citizens and officials, to whom he is indebted for many valuable suggestions.

Barry C. Smith, Esq., formerly secretary of the Charity Organization Society, and now director of the National Investigation Bureau, generously gave counsel and attention to the work, which, by reason of his experience and capacity in the field of charitable endeavor, was of especial value throughout the court of the work.

Detective Sergeants Grover Cleveland Brown and August Mayer, detailed by the police department to assist the District Attorney throughout the investigation, cleverly ran down the various clues that were from time to time presented for investigation, and their services in securing the attendance of witnesses were invaluable.

Respectfully submitted.

EDWIN P. KILROE,
Assistant District Attorney.

PRESENTMENT ON WAR RELIEF FRAUDS FILED WITH THE CLERK OF THE COURT OF GENERAL SESSIONS OF THE PEACE IN AND FOR THE COUNTY OF NEW YORK BY THE GRAND JURY OF THE COUNTY OF NEW YORK, JUNE 27, 1918.

The District Attorney, Edward Swann, placed before this grand jury facts and figures in connection with the investigation conducted by him into the activities of the various committees and individuals who have been making appeals for and receiving funds for actual or alleged charities connected with the war.

The District Attorney, and his assistants, Mr. Alfred J. Talley and Mr. Edwin P. Kilroe, have shown to the satisfaction of the grand jury that upwards of 300 different organizations, societies, and committees were carefully investigated.

Until the District Attorney undertook this work of protecting the New York public, and the soldiers and sailors in the service of their country, New York was fast becoming a rich field for the charity fakirs, many of whom flocked in from other cities.

The so-callel "fifty-fifty" charity worker developed into the class known as the "One Hundred Per Cent Boys," who were not content with merely a division of the spoils between themselves and the ostensible object of the charity, but, in some instances, collected in the name of a so-called charitable enterprise and pocketed all the proceeds. The gang of charity sharks appropriately designated as the "Hundred Per Cent Boys" has been effectively broken up.

We have been shown that in many instances men with criminal records and men who have been driven out of other cities have been soliciting funds in the city of New York for so-called "war charities," and since the district attorney's investigation was inaugurated by him several convictions have been obtained, and some of these solicitors are now serving prison sentences.

One of the most palpable defects in the collection of war charity funds has been the incurring of excessive and exorbitant overhead expenses, which have eaten up a disproportionate share of the moneys contributed. Many striking examples of this were presented to us. A notable instance was the Army and Navy Bazaar, held in this city in November last. The figures showed that the bazaar collected from the public approximately $73,000, and of this amount $645 was left for the soldiers and sailors in whose name the bazaar

was projected. In other words, less than 1 per cent of the proceeds was left to apply to the charity.

Another distressing instance of misappropriation of funds and lack of ordinary business methods and inadequate supervision was in the case of the charity designated as the American Ambulance in Russia.

Out of a list of about 300 different charitable enterprises that have been investigated by the District Attorney, a substantial per cent of them may be set down under the category of unwise and nonessential.

In these times of war and destruction to give freely is the very least we can do; we therefore urge our citizens to contribute wholeheartedly to every recognized efficiently conducted war charity, appreciating at the same time that the generosity of the public, under the patriotic impulses created by the war is entitled to protection. And to this end this grand jury is convinced that remedial steps should be taken to provide that some responsible public office should be created and operated by the Federal Government during the period of the war, the head of which should have supervision and summary powers over all so-called "war charities."

Societies bearing patriotic names have been springing up overnight. In some instances the more patriotic and inspiring in name the more dubious the character and antecedents of the men who were projecting the organization.

It was shown that one of the most prolific sources through means of which unscrupulous persons were enabled to impose upon the generosity of the New York public was the fact that people of more or less responsible and undoubted respectability allowed the use of their names as officers or directors of "war charities," and permitted the publication of their names upon stationery and letterheads of these committees and societies, and have been regardless of either the manner in which the work of such organization was carried on or the real character of the people in whose hands the active work of solicitation and collection of funds was intrusted.

The grand jury can not too emphatically express its disapproval of such carelessness or indifference, which in effect makes it possible for imposters to carry on their nefarious work under the cover of respectable names. It seems to us that any man or woman of standing who lends his or her name to a charitable enterprise should feel a sense of responsibility and trusteeship over funds collected in their names, and the exploitation of the name of any responsible individual should carry with it a duty and responsibility to see to it

that proper supervision is exercised over the methods and disbursements of any enterprise upon which they have placed the stamp of their approval by lending the use of their names.

The work which District Attorney Edward Swann and his assistants have done in this respect calls for our highest commendation and praise, and we tender them our thanks for labor well performed.

June 27, 1918.

A. H. Eppstein,
Foreman.

Bernard L. Tim,
Secretary.

Charles Hartman,
Fred G. Webber,
William L. Miller,
Committee.

RESOLUTION ADOPTED BY THE CHAMBER OF COMMERCE OF THE STATE OF NEW YORK, FEBRUARY 6, 1919.

At the regular monthly meeting of the Chamber of Commerce of the State of New York, held February 6, 1919, the following preamble and resolution, presented on behalf of the Executive Committee of the Chamber, was unanimously adopted:

Whereas, A communication has been received from the Honorable Edward Swan, District Attorney, enclosing a report on War Charity Frauds in New York City, based on an investigation made by the District Attorneny's office during the past fourteen months, and in which is described in detail the irregularities and abuses revealed in the investigation; and

Whereas, The District Attorney suggests that legislation is needed in order to correct these abuses; therefore be it

Resolved, That the Chamber of Commerce of the State of New York commends District Attorney Swan for the very thorough investigation made under his direction, and believes that steps should be taken to procure legislation necessary to correct the many abuses found and to adopt measures which will prevent public appeals being made for War

Charity Funds by incompetent or irresponsible parties or organizations and to generally put the entire subject under the control and jurisdiction of the proper authorities.

Attest:

Charles T. Gwynne,
Secretary,

PURPOSE OF THE ACT.

Memorandum Prepared by Prof. J. P. Chamberlain of the Legislative Drafting Research Fund of Columbia University, and Submitted by Edward Swann, District Attorney of the County of New York, in Support of the Kaplan-Donohue Bill.

The act requires individuals, unincorporated associations and corporations before beginning to collect money or property to file information which will establish their responsibility and the responsibility of individuals connected with them. On filing the required statement a certificate of registration is automatically issued by the state Board of Charities. These corporations, individuals and associations must file annual statements which are to be public records and must file accounts of any entertainment within thirty days. No power of visitation or supervision is vested in any authority, nor is any authority authorized to stop the operations of any charity, except for failure to file the documents required by the act.

Solicitors or collectors are required to have signed authorizations showing the percentage of collection or other compensation to be paid them. This provision will automatically do away with much of the collection of money for personal uses so difficult to control in the large cities.

Publicity is depended upon to secure the main object of the proponents of the bill; that is, an honest and efficient administration of the funds contributed by the public for charitable and patriotic purposes.

The proponents of the act believe that there should be as little interference with individuals or charitable organizations as possible; but recognizing the great waste and misapplication of funds contributed by the public for worthy purposes, so clearly brought

out by Mr. Kilroe's examination into war charities, they believe that an opportuninty should be given to the public through publicity to separate the worthy from the unworthy. Especially at this time when the need for aid in healing the wounds of the war is being so vigorously exploited and when the call upon the public for aid for legitimate charities is so pressing, should efforts be made to protect not only the funds which are available for benevolent purposes, but also to protect the worthy charities from the danger of being associated in the mind of the public with the unworthy.

In a small community there is no need for official publicity. The work done by every organization is well known and the fraudulent are quickly eliminated. In a great city like New York where appeals are so numerous and where it is manifestly impossible for persons charitably inclined to inform themselves without careful investigation as to the worthiness of each charity, the state should in the interest of the people and its own interest provide the means of ascertaining without undue effort the disposition being made of money by persons who are seeking it for public purposes. It is believed that "*pitiless publicity*" will eliminate many if not all dishonest and inefficient organizations and will build up standards of economy to which all must eventually subscribe.

The District Attorney will also be able by means of the annual reports to detect frauds which he would otherwise find it very difficult to unearth.

The act does not apply to corporations or associations subject to the benevolent orders law which includes a number of benevolent orders, namely (Sec. 2, subdiv. 11): "Any subordinate lodge, etc., to a benevolent or fraternal order or society incorporated under and pursuant to the laws of this state." "Institutions of the University of the State of New York" are also exempted. This language is used because Sec. 57 of the Education Law provides:

"§ 57. Institutions in the University.—The institutions of the University shall include all secondary and higher education—all institutions which are now or may hereafter be incorporated in this state, and such other libraries, museums, institutions, schools, organizations and agencies for education as may be admitted to or incorporated by the University. The regents may exclude from such membership any institution failing to comply with the law or with any rule of the University."

The religious corporations law includes all churches.

EDITORIAL PRINTED IN THE NEW YORK HERALD, OCTOBER 12, 1918.

To Get "War Charities" Under Control.

District Attorney Swan's investigation revealed that more than four million dollars contributed by patriotic citizens in New York City to private war organizations had been misappropriated or diverted to the enrichment of private individuals instead of going for the war-welfare work for which the money was solicited.

Since then and the resulting activity of the grand jury many organizations have been obliged to discontinue on account of irregularities and the convictions obtained. The district attorney now advocates the passage of an ordinance by the board of aldermen bringing the "war charities" in the city under municipal control.

This, however, would be local in effect and would not reach even the collections in the State outside this city. Assistant District Attorney Edwin P. Kilroe, who was the official directly in charge of the investigation which revealed the wholesale fraud and swindling, is convinced that the only proper way of controlling the evil is for Congress to enact a law "with teeth in it" which will land these meanest of all swindlers in jail for long terms.

Such is the purpose of a bill introduced by Senator Ashurst, of Arizona, and referred to the Committee on Military Affairs. The bill originated with the American Victory Union and was framed by William Bullock, the director general of that organization, after interviewed in Washington with representatives of the administration. It would put an end to the collection of money by self-constituted collecting agencies with patriotic titles and bring all the war charities throughout the country under Government control.

"It is a consummation devoutly to be wished."

EDITORIAL PRINTED IN THE NEW YORK HERALD, OCTOBER 24, 1918.

Will Stop "War-Welfare" Grafting.

In a letter to Senator Chamberlain, chairman of the Senate Committee on Military Affairs, the passage of the Ashurst bill now before the committee is strongly urged by Frank W. Smith, chairman of the War Committee of the New York Chapter, Knights of Columbus. Enactment of this measure would place all war charities throughout the United States under Federal supervision.

The irregularities and scandals in connection with collection of funds by new, transient, and irresponsible persons has been exposed through the investigations of the grand jury, District Attorney Swann and other officials, indicating that the collections in this city alone amounted to millions of dollars for which there was no accounting.

Mr. Smith expresses his belief that the need of the proposed legislation is pressing to restore public confidence in worthy and deserving charities, the contributions to which have been decreasing as a result of the scandals. The reputable organizations engaged in welfare work in the battle areas of Europe and Asia are a unit in pressing for the passage of this bill, which was introduced by Senator Henry F. Ashurst, of Arizona.

Apparently there is no honest opposition and the measure should at once be passed.

EDITORIAL PRINTED IN THE NEW YORK AMERICAN, OCTOBER 11, 1918.

The Senate Should Stamp Out the War Charities Fraud Now.

All over the country unofficial and irresponsible persons and organizations are collecting money for the alleged benefit of sailors and soldiers, or for some alleged charitable use in Belgium or France or Serbia, or anywhere else where there is suffering to excite public sentiment.

A bill has been introduced in Congress providing for the control and drastic regulation of these unofficial charity mongers. We think the bill should be enacted with all possible speed.

The fact is that a very large per cent of these organizations engaged in soliciting money for war charities are mean frauds. The men running them manage to let the greater part of the money collected from a patriotic public stick to their own fingers.

The evidence of crookedness and graft in such organizations has been very clearly brought to light by the investigation of some 300 of these so-called "war charities" conducted here in New York under the direction of District Attorney Swann.

District Attorney Swan found by his investigation that upward of $4,000,000 contributed by patriotic citizens in New York City to private war organizations has been misappropriated or diverted to the enrichment of private individuals instead of going for the war welfare work for which the money was solicited.

In the case of the American Defense Society, one of the foremost of the private patriotic organizations operating throughout the country, and of which former President Theodore Roosevelt is honorary president, commissions reaching 75 per cent of the total collected were paid out to solicitors, leaving only 25 per cent for the patriotic purposes for which the money was requested and received.

Within the last 17 months, or since the entry of the United States into the war, the number of these privately controlled collecting organizations, commonly known as "war charities," has greatly increased. Not only have they grown more numerous with each month of the war, but they have operated and are continuing their activities without control or supervision by Federal, State, or city authorities. They have collected thus far sums estimated to exceed $100,000,000, exclusive of the sums rightly received by the Red Cross, the Knights of Columbus, the Young Men's Christian Association, the Salvation Army, the National Catholic War Council, the Jewish Welfare Board, the American Library Association, and the Young Women's Christian Association. Furthermore, with our growing part in the war, the moneys pouring in on these private societies increase from day to day.

As the result of the investigation by the district attorney many of the private war collecting agencies were forced to discontinue on account of irregularities or diversion of funds. Among these were the following:

The Army and Navy Bazaar.
The American Ambulance in Italy.
The American Ambulance in Russia.
The National Woman's Army.
The Cripples' Welfare Society.
Good Samaritan Circle of the Fatherless Children of France.
League of Loyal Americans.
Italian Bazaar in the Grand Central Palace.
American Convalescent Home Association.
The Penny-a-Week Fund.
The Godfathers' League of Our Allies.

The American Ambulance in Russia showed on its books collections of approximately $250,000. It was testified that only about $60,000 went to the object for which the money was contributed. Evidence was submitted that fur coats and silk stockings had been

purchased for members of the organization with the money received from patriotic citizens and firms.

Among expense items appearing on the books of the Russian Ambulance were the following:

Advertising for a lost watch	$1.20
On the same day to a man who claimed he got $5 for finding the watch	5.30
Gotham silk hosiery	6.00
Smith, chauffeur, dinner and laundry	5.40
Glass, balance on dog booth	125.00
Laura Morris (Cynthia)	40.70
Evelyn, dressmaker	170.00

Strange explanations of these items were offered. The silk stockings, for example, it was stated, were bought for the papier maché legs of girl dummies exhibited at Coney Island. Young men were charged 10 cents a throw for trying to "ring" them with a small hoop; the man who succeeded was entitled to the stockings. "Evelyn" testified that she furnished clothes for the girls to be worn at the booths.

The sum of $60,000 was realized from an Italian bazaar held in New York City for the benefit of the Italian families left destitute by their heads becoming Italian soldiers. Of this amount $47,000 was spent in expenses and only $13,000 went to the sufferers.

The League of Loyal Americans collected money with the object of promoting patriotism among the young men of the country. On the letterhead of the league were the names of Major-General Leonard Wood, Elihu Root, Robert Bacon, and Cornelius Vanderbilt. Milo Bogard, in the position of executive director, was collecting money for the league. According to record, Bogard was sentenced in 1880 to three years in the Chester penitentiary, Illinois, for larceny. When confronted with the picture No. 13,788 in the rogue's gallery at police headquarters, Bogard admitted that it strangely resembled him and stopped his connection with the league.

For several months young girls went about the streets of New York and in street cars and subway trains collecting money in toy savings banks for "The Cripples' Welfare Society," another of the mushroom "war charities." It was brought out on investigation that they received 50 per cent of the money they brought in.

Assistant District Attorney Edwin P. Kilroe was the official directly in charge of the "war charities" investigation in New York. He says:

"I proved that certain of the 'war charity' collectors received checks as high as $1,000 each and cashed them in saloons and put the entire amount in their pockets. I am convinced the only proper means of controlling the 'war charity' fraud game is for Congress to enact a law with teeth in it, which will make these meanest of swindlers land in jail for long terms. It must not be forgotten that their stock in trade is pretense of patriotism, by which they extract money from real patriots for their own profit."

Not only have numbers of these irresponsible organizations been used as instruments of graft, but another evil has developed.

Other organizations which have not been charged with financial crookedness have fallen into the control of designing politicians, who have abused the confidence put in them by thousands of good and patriotic people, and have turned what was meant to be useful and unselfish organizations for the public good into mere instruments to forward selfish personal ambitions or to gratify equally selfish and personal dislikes and grudges.

The National Security League is an example of the manner in which an organization composed of thousands of patriotic and well-meaning men and women has been converted into a political and personal machine by such astute politicians and corporation lawyers as Alton B. Parker and Elihu Root.

It is too bad that the men and women who have so patriotically joined the National Security League and contributed money in the fond belief that they were helping along the war should have thus been duped into becoming the unconscious tools of selfish and unscrupulous politicians.

All the instances which we have cited, both of financial fraud and of political trickery in these so-called "war organizations," make it imperative that every one of them should be immediately brought under the control of the Department of Justice.

The thief who steals under any guise from funds which American men and women have contributed for the benefit of their soldier and sailor lads or to relieve the terrible suffering in stricken Europe ought to deem himself lucky if he only goes to jail.

So, too, it is an outrage that the patriotic and charitable impulses of tens of thousands of good American men and women should be manipulated to the advantage of astute and crafty politicians and servants of privilege.

Let us have an end of this sort of thing.

We urge the Congress to pass the bill.

EDITORIAL PRINTED IN THE NEW YORK TELEGRAM, NOV. 15, 1918.

Fine But Belated.

William Bullock, director general of the American Victory Union, No. 150 Nassau street, New York city, in a statement just issued, says that war charity grafters driven from England by a war charity bill enacted by the British Parliament two years ago, came to this country and under pretense of patriotism have been collecting sums amounting to millions from the public and diverting them to their own pockets.

All the facts in his possession would be used in support of the bill now before the United States Senate for the placing of all war charities under Federal supervision.

Desirable as such control is, it occurs the work is a bit belated.

Enacting more or less drastic laws after millions have been collected doesn't occur as being of much use unless the provisions are made retroactive and the vagabonds Mr. Bullock says he has evidence against can be arrested, made to disgorge, and punished.

It is an extraordinary thing, but undeniable, that it is hard, if not absolutely impossible, to punish a grafter once he has his loot in his pocket.

EDITORIAL PRINTED IN THE BROOKLYN TIMES, OCT. 13, 1918.

A Prudent Measure.

The Military Committee of the Senate has before it the measure introduced by Senator Ashurst, of Arizona, for the regulation of war charities. It is a prudent and patriotic measure, designed for the protection of honest effort in behalf of our soldiers and sailors, and those of our allies, and should be enacted. Possibly it is too late now to undo the bulk of the wrong committed by the ghouls who exploited the splendid generosity of the American people. The bill was framed by the American Victory League of this city, after the inquiry conducted by District Attorney Swann indicated the terrible malversation of funds collected by private agencies without proper supervision and control. Before submitting the measure the league consulted with Secretary Lane, of the Interior Department; Raymond D. Fosdick, of the War Camp Activities Committee; Third Assistant Secretary of War Keppel, and Assistant Attorney General Brown.

The Ashurst bill requires a filing with the Attorney General of the financial statements of all agencies not officially authorized, and empowers the Department of Justice to fix the percentage of the receipts that shall go to the expense of collection and maintenance of the organization. The district attorney in Manhattan found that pitiable percentages of the vast sums realized from public generosity were going to the objects of the public affection and sympathy, and that in addition to beguiling the public at large those who profited by this sort of enterprise were obtaining the patronage of distinguished men and women who believed the activities honest and generous and properly conducted.

Some of the societies collapsed under the inquiry, and some, in which the control was in deceived persons of honest intention, were re-formed, and the bad element eliminated. There is a constant new growth, however, and it is to repress those that are bad and protect those that are truly benevolent that the proposed statute is designed. It need not be said that the great organizations that have worked in cooperation with the Government were not involved in this inquiry, but only the mushroom societies in which smooth and plausible rascals succeeded in interesting generous and worthy persons whom they used as tools.

EDITORIAL PRINTED IN THE NEW YORK JOURNAL, OCTOBER 10, 1918.

Federal Supervision of Charities—It Will Relieve Worthy Organizations from Suspicion Bred of Those that are Fraudulent.

Senator Ashurst's bill for the governmental supervision of organizations designed to collect money for the use and benefit of our armed forces or those of any of our allies, or to render philanthropic or benevolent services to such forces, is one that should promptly be enacted into law.

In accordance with the happy-go-lucky procedure which too often characterizes American attempts to deal with great public problems we have permitted private organizations to solicit funds from our people for all kinds of charitable purposes, ranging from fatherless French children to hungry Poles.

Perhaps all of the ostensible purposes of these charities were worthy. Possibly only by wide and general solicitation of funds could grave distress be averted in the reigions or from the classes they sought to serve.

But the hasty passer-by in the street who gave up his dime or his dollar to the insinuating solicitor who accosted him had but little idea of what became of that money later.

And there has been no regularly constituted authority by which those collecting these funds could be supervised and checked in their expenditure of them.

It is asserted that outside of the group of recognized charities, which are to be associated in one general drive next month, outside of the Red Cross, Y. M. C. A., Knights of Columbus, Y. M. H. A., Salvation Army, Y. W. C. A., and American Library Association, other charitable associations have collected not less than $100,000,000 in this country during the war.

Many of these serve most worthy ends. Indeed, most of them operate for thoroughly praiseworthy purposes. It would be a calamity if the funds pouring in for their use were checked.

But unless some method is adopted to assure the public that these funds are employed for worthy purposes, this flood will be checked, and the worthy charity will be starved because suspicion has attached to all.

In some instances the methods of these collecting agencies arouse just antagonism, although the end sought may be commendable.

Other organizations have had their purposes and the ends indicated by their titles wholly changed by those who have secured control of their machinery. Such a case is that of the National Security League, which was founded to conduct a propaganda for more thorough military preparedness and, after the war was upon us, to urge universal military service and the prosecution of that conflict to the point of victory. Falling into the control of reactionaries and franchise grabbers of the sort typified by Alton B. Parker and Elihu Root, it has become wholly diverted from its original laudable purposes.

Clinging to its old title, the National Security League still secures financial support from many good and patriotic citizens who believe that it is still intended to advance the military and naval interests of the Nation. Many whose names are now identified with it would withdraw if they knew from official reports the uses which are now being made of its funds and its wide influence.

While District Attorney Swann, with characteristic efficiency, has employed all the authority legally at his command to investigate these societies, fix their character, and to restore public confidence

in those that merit it, he, too, feels that Federal legislation is necessary.

Without it even those who, amidst the enormous pressure of appeals for aid to-day, still respond willingly and liberally to the requests for charitable aid can feel no certainty that the cause for which appeals are issued is worthy or that the funds they contribute are honestly administered and for the good of that cause alone.

Under Senator Ashurst's bill the records of every such organization would at all times be filed with the Federal Department of Justice and open to public investigation, while that department would be vested with authority to supervise and control its methods, the amount of moneys it may collect, and the manner of their expenditure.

Alike for the protection of the charitable, the strengthening of worthy war charities, and the extirpation of organizations operated under false colors, this bill should be made a law.

EDITORIAL PRINTED IN THE NEW YORK WORLD, JANUARY 15, 1919.

Graft in the Name of Charity.

The sufferings of innocent victims of the war offered to guilty greed a golden opportunity. Nothing was more certain than that thieves would seek profit by exploiting compassion. Nothing was more likely than that honest men and women would innocently aid their purposes; or that unbusinesslike persons would incur waste in war charities by excessive commissions and disproportionate expenditures. All these things happened; and New York was their great center because of its wealth and generosity.

The World is well satisfied with the results thus far of its campaign against corrupt charity plotters and its endeavors to check or reform the methods of inefficient good will. Some men have been convicted. Some wasteful enterprises have been terminated. Some undertakings, better managed, have been subjected to accountings.

The report of Assistant District Attorney Kilroe, after an investigation prompted by the *World's* exposures, makes public a mass of material affecting bogus and ill-manager charities. It is accompanied by expert drafts of three laws, local, State and na-

tional, which if enacted by the aldermen, the legislature and Congress, would go far to block in the future any scandals as have been revealed in the recent past.

The war is not over. Sufferings due to the war are, in the case of many millions, still at their height. The people are entitled to the protection these projects of laws would afford.

EDITORIAL PRINTED IN THE GLOBE AND COMMERCIAL ADVERTISER, NEW YORK, TUESDAY, JANUARY 14, 1919.

War Charity Graft.

Assistant District Attorney Kilroe in the course of his investigations into war charity scandals looked into the activities of 534 different organizations. Of these 384 were put out of business as a result. Mr. Kilroe further estimates that between $3,000,000,000 and $4,000,000,000 was raised in this country for war benefit purposes, more than $50,000,000 of which has been fraudulently misappropriated or diverted from the funds sent to Europe.

It is no wonder that Mr. Kilroe, therefore, should favor legislation for the control of war charities and patriotic societies so that the fraud, graft, and waste which have characterized many in the past will be eliminated. Briefly Mr. Kilroe's program includes:

1. A Federal law placing patriotic societies and war relief organizations under the supervision and control of a special bureau of the Department of the Interior.

2. A State law placing the same class of organizations under the control of a special bureau in the office of the Secretary of State, from which bureau every war relief committee or similar organization would have to obtain a license.

3. A city ordinance prohibiting the soliciting of funds, the sale of buttons, tags, and merchandise on the streets or in other public places for charity, exceptions to be made in the case of strictly religious bodies.

With such strict supervision over charitable activities it is likely that many persons who have been making more than comfortable livings by preying on a warm-hearted public will have to bend their energies in some other direction. Social ambition, greed, or downright dishonesty prompted the promoting of many of the 7,500

charity schemes that were active in this city during the war. How lucrative the graft in New York alone has been may be judged from Mr. Kilroe's estimate that as much as 65 per cent. of the total moneys collected here has been frittered away.

Mr. Kilroe's idea to have a check-up in the money sent into the war zone does not seem to be practicable. Such a procedure would be rather expensive, and it is doubtful if any useful purpose would be served by throwing more good money after bad. The fact that millions of dollars have been misused has been established. The chief thing now to do is to see that such wholesale grafting will be impossible in the future.

EDITORIAL PRINTED IN THE EVENING POST, NEW YORK, WEDNESDAY, JANUARY 15, 1919.

Charity Not Sweet.

When medieval church relief flourished, the first trick taught a thief was to put a penny in the poor-box and extract a crown. In the days of Mrs. Jellyby's project for teaching the natives of Borrioboola-Gha to turn pianoforte legs and establish an export trade, there were neither scientific principles of charitable relief, elaborate auditing systems, nor inquisitive law officers. The crop of war charities that sprang up after 1914 was certain to show many descendants of both the medieval thief and Mrs. Jellyby. The District Attorney estimates that 20,000 relief agencies have been active; and in 1916 a single foreign-relief body reported that 5,000 charitable organizations north of the Mexican line were co-operating with it. The District Attorney's classification of New York's relief roster is simple. There were honest and efficient societies, wastrel charities, foolish charities, profiteering societies, frauds, and "hundred per cent. boys." The distinction between the last two is that the frauds maintained a virtuous look by pouring only 99.44 per cent. into their own pockets.

The public has no one but itself to thank if $3,000,000 were stolen here in less than a year, and much greater sums wasted. Ever since rum and Bibles were given to the Indians, Americans have thrown the gates wide to impostors. Two years ago Robert W. Kelso, of Boston, remarked that our manner of licensing charities implied: "Go ahead with your enterprise. You need never report to this Government what you do or how you do it, how much you beg, how much you spend, or the result. It's nobody's business but

your own." To start a charity it is hardly necessary to do more than it was a half-century ago to start as lawyer or doctor: hire deskroom and a hat-peg, and have your name painted on the door. The public is delighted to have great unmbers of charities flourishing. The river scoundrel in "Huckleberry Finn" played on a clear American weakness when he posed before the woods camp meeting as a reformed pirate from the Indian Ocean eager to return and convert his crew, and carried away a hatful of money. The noble American impulse of generosity abhors scientific giving. If we hear that a charity has a careful bookkeeper and earnest secretary, our hand is numbed; but if an oily rascal rattles a placard and a box under our nose, out comes our dollar, and we feel that the recording angel is setting down a good deed to our credit. "That's the American of it"; we are not calculating penny-pinchers when asked to give. If an agent insists on showing his unimpeachable credentials, we snort, "Bless my soul, do you think me a Scrooge?"

And how delightful it is for the charity organizers! No one can feel aught but indignant at the "hundred per cent boys." But the agent who insists that, as general benefactor of the race, he should have his perquisite—what of him? He collects hundreds weekly for Peruvian aborigines, or Igorrote orphans; should such a philanthropist not live at the best hotels on porterhouse, truffles, and wine? He can take his 60 cents out of every dollar; what no one knows hurts nobody; and in the end the Igorrotes do get something. Another area in the field is the exercising ground of society aspirants. The Rhinegelts and Westergoulds are acting as patronesses and honorary vice-presidents to this or that charity, are they? Well, Mrs. Aspirant, who has money, too, will start her own charity. She can talk so soulfully about it to her friends, can have so much put in the papers about it, and so, martyr-like, will enjoy the labor of arranging benefit teas. Spending much money and taking much, she is vastly relieved when it proves possible to send Europe a small check without bothering her husband to meet a deficit. In even the humbler social circles this game is played. The district attorney found one picturesque lady who had a delightful time going to swell dining places with a group of satellites, having a good meal followed by a harangue on her dear charity to all in the room, and paying the combined meal check out of what she collected.

Our robust American definition of the lowest meanness is that it would steal pennies from a blind man. Of such meanness are those guilty who would rob the war orphan of his bread and the war-

maimed of his crutch, by thievishness, ignorance, or carelessness in conducting a charity. Before the war State laws for the better supervision of charities were being warmly urged. A. G. Warner's standard work on "Charities" estimates at least 10,000 charities normally in the United States, collecting $200,000,000 annually. Only seven States have made any proper requirement as to an investigation of worthiness before incorporation is granted. Only 10 States require the licensing of even charitable agencies concerned with the care of children. Proper State demands for initial investigation and continuing supervision should spread over the entire Union. The cities also can do much; and such private agencies as the chambers of commerce, nearly 200 of which now investigate and approve or disapprove local charities, ought to extend these activities. But the chief responsibility lies with the State legislatures. Till they meet it, men can only be careful to give to none but the reputable and approved charities.

EDITORIAL PRINTED IN COLLIER'S THE NATIONAL WEEKLY, FEBRUARY 8, 1919.

Fraudulent War Charities.

Assistant District Attorney Kilroe of New York, at the instigation of the New York "World," has for the past fifteen months been investigating certain war charities. As a result 384 committees of a total of 534 investigated have been driven out of business. And Mr. Kilroe says that upward of $50,000,000 has been fraudulently misappropriated or diverted from the funds sent to Europe. But the most important part of Mr. Kilroe's work consists of a program of legislation planned to prevent such fraud in the future. The laws Mr. Kilroe proposes are as follows:

1. A Federal law placing patriotic societies and war-relief organizations under the supervision and control of a special bureau of the Department of the Interior.

2. A State law placing the same class of organizations under the control of a special bureau in the office of the Secretary of State, from which bureau every war-relief committee or similar organization would have to obtain a license.

3. A city ordinance prohibiting the soliciting of funds, the sale of buttons, tags, and merchandise on the streets or in other public places for charity, exceptions to be made in the case of strictly religious bodies.

These laws, or something like them, should be passed immediately. The men who collect money for their own use under the guise of charity are a particularly despicable lot. They not only, of course, destroy faith in their own organizations, but they tend to destroy it in all charitable works, no matter how worthy of the public support.

M. B. Brown Printing & Binding Co.,
New York.

21546

END OF
TITLE